

financial gain for themselves or others such as those with whom they have family, business, or other ties. Therefore, recipients receiving financial support must have written policy guidelines on conflict of interest and the avoidance thereof. These guidelines should reflect State and local laws and must cover financial interests, gifts, gratuities and favors, nepotism, and other areas such as political participation and bribery. These rules must also indicate the conditions under which outside activities, relationships, or financial interests are proper or improper, and provide for notification of these kinds of activities, relationships, or financial interests to a responsible and objective recipient official. For the requirements of a code of conduct applicable to procurements under grants and cooperative agreements, see the procurement standards prescribed by 7 CFR 3015.181.

(b) The rules of conduct must contain a provision for prompt notification of violations to a responsible and objective recipient official and must specify the type of administrative action that may be taken against an individual for violations.

(c) A copy of the rules of conduct must be given to each officer, employee, board member, and consultant of the recipient who is working on the FSA financed project, and the rules must be enforced to the extent permissible under State and local law or to the extent to which the recipient determines it has legal and practical enforcement capacity. The rules need not be formally submitted and approved by the awarding official; however, they must be made available for review upon request, for example, during a site visit.

§ 1943.137 Monitoring compliance and penalty for noncompliance.

(a) *FSA monitoring.* FSA will monitor compliance of the Small Farmer Outreach Training and Technical Assistance projects through the reports received in accordance with § 1943.128 of this subpart, through information received from field offices and the public, and may include on-site visits to observe the operation and administration of the program.

(b) *Audits.* Recipients are subject to the audit requirements of 7 CFR parts 3015 and 3016. An audit report will be submitted to the State Office annually in accordance with OMB Circular A-128, A-110, or A-133, whichever is applicable. The State Office will forward the audit to the National Office Project Manager, within 30 days after receipt, with the State Office's comments and recommendations.

(c) *Penalty for noncompliance.* If the Administrator determines that a Small Farmer Outreach Training and Technical Assistance project does not meet or no longer meets the objective of the program, that there has been a violation of the cooperative or other agreement, that reporting requirements are not being met, or that funds are not being used only for the operation and administration of the Small Farmer Outreach Training and Technical Assistance Program, the awarding official is authorized to impose any penalties or sanctions established in 7 CFR parts 3015 and 3016. Penalties may include withholding payments, suspension of the cooperative agreement or other agreement, or termination for cause. If a penalty for noncompliance is enforced, the reason(s) will be stated in a letter to the recipient along with appeal rights pursuant to subpart B of part 1900 of this chapter.

§§ 1943.138–1943.140 [Reserved]

§ 1943.141 Nondiscrimination.

The policies and regulations contained in subpart E of part 1901 of this chapter apply to grants and other agreements made under this subpart.

§ 1943.142 Environmental requirements.

The policies and regulations contained in subpart G of part 1940 of this chapter apply to grants and other agreements made under this subpart.

§§ 1943.143–1943.150 [Reserved]

PART 1944—HOUSING

Subpart A [Reserved]